



SENT TO COUNCIL:

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Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia

**SUBJECT: PRODUCTION OF ELI UNITS
AND SOURCES OF FUNDING**

DATE: April 3, 2002

Approved

Date

04.08.02

COUNCIL DISTRICT: Citywide

INFORMATION

In January 2002, the Housing Department provided a status report to the City Council on the production of units affordable to extremely low-income (ELI) households and the anticipated use of the ELI Housing Reserve Fund in the Redevelopment Agency's 2001-02 Budget. This report updates that information.

BACKGROUND

Since early 1999, the City Council has directed that the 20% Supplement funds in the Redevelopment Agency's budget be spent exclusively on the production of units affordable to ELI households. Through the 2000-01 Fiscal Year, the total funding available was \$14,614,618.

In May 2001, during its final hearing on the City's Consolidated Plan, the City Council directed that the Redevelopment Agency set aside \$13.8 million for ELI-unit production in addition to the \$13.5 million of Agency funds already earmarked for that purpose. This total commitment on \$27.3 million of Agency funds was named the "ELI Housing Reserve Fund."

Part of the originally budgeted \$13.5 million of Redevelopment Agency Funds was \$3.5 million for replacement housing. Of that \$3.5 million, \$3,463,313 was actually transferred to the Housing Department, thereby reducing the total Redevelopment Agency funding to \$27,263,313.

On November 13, 2001, the City Council/Redevelopment Agency Board accepted the payment of fees by the Legacy/College Park project in lieu of providing very low-income inclusionary units in the project. The Council/Agency Board directed that half of the in-lieu fee (\$330,000) be directed to the production of ELI units. Thus, the total funding available for ELI-unit funding in the 2001-02 Fiscal Year is \$27,593,313.

April 3, 2002

Subject: Production of ELI Units and Sources of Funds

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ANALYSIS

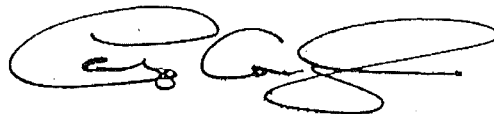
The attached chart shows that the City Council has committed nearly \$35 million to the production of 604 units affordable to ELI households, and there are pending projects that should reach the City Council in the current fiscal year with the potential for an additional 242 ELI units. Details of past and projected funding commitments include:

- The 20% Supplement funds budgeted by the Redevelopment Agency in the 1998-01 time frame have been fully committed by the City Council.
- The \$27.2 million in available funding from the Agency's 2001-02 ELI Housing Reserve Fund plus the \$330,000 of in-lieu fees from the Legacy project are projected to be outstripped by an estimated \$29.4 million in demand from: (1) \$8.7 million in projects already approved by the City Council; (2) additional funding anticipated to be needed for the Las Golondrinas and Gadberry Court developments; and (3) a total of ten developments that have not yet received an initial commitment of funds from the City Council.
- Over \$11 million in HOME and 20% Funds have also been committed to the production of ELI units. These funds are being used instead of Redevelopment Agency funding because: (1) the Creekview Inn and Pensione Esperanza projects pre-dated the Agency's 20% Supplement appropriations; (2) the need to commit the federal HOME Investment Partnership program funds; and (3) the greater flexibility under the HOME regulations to more specifically target certain client populations.

It should be noted that the actual expenditure of funds on affordable housing developments may not occur until one year or two after the City's commitment of those funds.

CONCLUSION

The Housing Department anticipates that, by June 2002, the Redevelopment Agency's 2001-02 ELI Housing Reserve Fund will be fully committed to the production of ELI units, and by that date, approximately 846 units affordable to ELI households will have received a total of \$64.2 million in financing commitments from the City.



LESLYE CORSIGLIA
Director of Housing

Attachment

cc: Housing Advisory Commission
Susan Shick, Redevelopment Agency Executive Director



PRODUCTION OF ELI UNITS and FUNDING SOURCES

March 29, 2002

Attachment

Funding Approved by City Council

Project Name	Council District	Project Type	Number of ELI Units	SOURCES OF FUNDING			Status
				1998-01 RdA 20% Supplement	2001-02 RdA ELI Hsg Reserve**	20% Fund/ HOME Fund	
Creekview Inn	4	SRO	10			\$384,638	Completed in 1999
Pensione Esperanza	3	SRO	12			\$335,784	Completed in 1999
Las Plumas	5	Family	50	\$3,360,000			PD rezoning on hold
Northside	3	Seniors	15			\$550,000	Under construction
Gadberry Court	5	Seniors	6	\$450,000			Under construction
Betty Anne Gardens	4	Family	8	\$934,370			Received CDLAC bond allocation 12/19/01
Tully Gardens I	7	SRO	155	\$4,866,000		\$2,559,294	Under construction
Tully Gardens II	7	SRO	147	\$3,322,321	\$458,679	\$2,559,295	Applying for tax credits 2/02
Arbor Park	4	Family	7			\$239,932	Under construction
El Paseo Studios	1	SRO	10	\$999,200			Received CDLAC bond allocation 12/19/01
Monte Vista Gardens I	5	Seniors	7	\$682,727			Under construction
Las Golondrinas*	5	Seniors	49		\$1,758,928		Land acquired 2/01
Roberts Street	7	Seniors	15		\$1,500,000		Construction to begin 3/02
Vermont Street	6	SRO	9		\$308,700		Completed
Reception Center	7	Family	10		\$750,000		Construction to begin 4/02
HomeSafe/WATCH I	5	Family	24		\$750,000	\$3,750,000	Re-applying for tax credits 3/02
Sunset Square	5	Family	10		\$450,000		Funding approved by C.C. 1/15/02
Italian Gardens Family	7	Family	36			\$1,196,137	Funding approved by C.C. 1/29/02
Evans Lane - CHBA	6	Family	24		\$2,760,000		Funding approved by C.C. 2/19/02
Projects to Date			604	\$14,614,618	\$8,736,307	\$11,575,080	

* Permanent financing for the Las Golondrinas project will be converted from the acquisition loan approved by City Council to a grant. The approved permanent funding of \$1,104,000 will need to be supplemented (see page 2).

** Includes \$27.3 million in the Redevelopment Agency's 2001-02 Budget plus \$330,000 from inclusionary housing in-lieu fees paid by the Legacy/College Park project.

PRODUCTION OF ELI UNITS and

FUNDING SOURCES

March 29, 2002

Attachment

City Council Funding Approval Anticipated by June 30, 2002

Project Name	Council District	Project Type	Number of ELI Units	SOURCES OF FUNDING			Status
				1998-01 RdA 20% Supplement	2001-02 RdA ELI Hsg Reserve**	20% Fund/ HOME Fund	
Gadberry Court	5	Seniors	13		\$880,000		Funding recommendation to C.C. 4/2/02
Rose Gardens	5	Seniors	19		\$1,330,000		Funding recommendation to C.C. 4/2/02
Cinnabar Commons	6	Family	24		\$2,760,000		Funding recommendation to C.C. by 6/02
Las Golondrinas*	5	Seniors	0		\$2,941,074		Funding recommendation to C.C. by 5/02
Lewis Road	7	Family	30		\$3,450,000		Funding recommendation to C.C. by 5/02
W. San Carlos Street	6	Family	10		\$1,150,000		Funding recommendation to C.C. by 6/02
County Fairgrounds	7	Seniors	60		\$6,900,000		Funding recommendation to C.C. by 6/02
County Fairgrounds	7	Family	25		\$2,875,000		Funding recommendation to C.C. by 6/02
Cherryview	9	Family	7		\$805,000		Funding recommendation to C.C. by 6/02
Tierra Encantada	5	Family	16		\$1,840,000		Funding recommendation to C.C. by 6/02
Evans Lane - VTA	6	Family	14		\$1,610,000		Funding recommendation to C.C. by 6/02
HomeSafe/WATCH II	6	Family	24		\$2,760,000		Funding recommendation to C.C. by 6/02
Projects-in-Process Estimate			242	\$0	\$29,301,074	\$0	
GRAND TOTALS				\$14,614,618	\$38,037,381	\$11,575,080	
FUNDS AVAILABLE				\$14,614,618	\$27,593,313	\$11,575,080	
PROJECTED BALANCE ON 6-30-02				\$0	(\$10,444,068)	\$0	